



FISCAL MEMORANDUM

SB 1053 - HB 1336

March 28, 2023

SUMMARY OF BILL AS AMENDED (006761): Enacts the *Workers Need Child Care Act*. Creates a special account within the General Fund to be known as the Child Care Infrastructure Fund (CCI Fund). Requires the Department of Human Services (DHS) to administer the CCI Fund by allocating grants to nonprofit entities establishing new licensed child care agencies. Requires the Commissioner of Human Services to submit an annual report to the Chair of the Health and Welfare Committee of the Senate and the Chair of the Health Committee of the House of Representatives detailing annual CCI Fund expenditures. Requires the CCI Fund to be composed of money appropriated by the General Assembly, and gifts, grants, and other donations received by DHS. Authorizes DHS to use five percent of the total annual amount appropriated to the CCI Fund for program administration, marketing expenses, and program evaluation. Requires the Commissioner of DHS to submit an annual report to the Chair of the Health and Welfare Committee of the Senate and the Chair of the Health Committee of the House of Representatives, detailing CCI Fund expenditures.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures –

Exceeds \$1,000,000/FY23-24 and Subsequent Years/General Fund

Increase State Revenue –

Exceeds \$1,000,000/FY23-24 and Subsequent Years/Child Care Infrastructure Fund

Other Fiscal Impact – Expenditures from the Child Care Infrastructure Fund are anticipated to be made over a multiple-year period.

Assumptions for the bill as amended:

- Based on information provided by DHS, there will be a fiscal and operational impact to launch and administer the CCI Fund.
- DHS's grant and assistance programs are currently administered by third-party partners.
- "Establishment/Expansion Grants" and "Enhancement Grants" are currently awarded to child care programs that have been determined by child care licensing staff at DHS to meet the eligibility requirements for grant application.
- Based on information provided by DHS, the total increase in expenditures to the Department will be dependent on the initial state money appropriated to the CCI Fund and the number of new grants the CCI Fund will issue.

- Based on information provided by DHS, the grant program established by the proposed legislation will require similar administrative costs DHS currently incurs from issuing “Establishment/Expansion Grants” and “Enhancement Grants.” Therefore, it can be reasonably estimated the increase in state expenditures for DHS to contract with a third-party to administer the grants issued by the CCI Fund will be \$50,000 in FY23-24 and subsequent years.
- DHS expenditures are required to not exceed five percent of the amount appropriated each year; therefore, an appropriation of at least \$1,000,000 ($\$50,000 / 5\%$) will be required.
- It is therefore assumed that a recurring appropriation exceeding \$1,000,000 will be made each year from the General Fund to the CCI Fund. Expenditures from the CCI Fund to nonprofit organizations are anticipated to be made over a multiple-year period.
- DHS is anticipated to license new child care agencies as a result of the proposed legislation. Any impact on DHS’s revenue and expenditures is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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